



State of Connecticut

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Testimony

HB 7027: An Act Concerning the State Budget for the Biennium Ending June Thirtieth 2019, and Making Appropriations Therefor

Appropriations Committee

February 21, 2017

Good afternoon, Senator Osten, Senator Formica, Representative Walker, Representative Ziobron, and members of the Committee. Thank you for the opportunity to testify on HB 7027.

I am here to comment on the Elementary and Secondary Education section of the governor's budget proposal as set forth in this bill.

This proposal attempts both to resolve a persistent and consequential deficit and to address educational funding policies that not only are widely perceived as inequitable, but also have been and still are the object of scrutiny in the courts. In general, the education portion of the proposal appears to focus more on reallocation of funding streams rather than on deficit resolution. The exception to this is the provision regarding the annual contribution to the teachers' pension fund, which I believe would inevitably lead to significant tax increases for people residing all over Connecticut.

Following are a number of my most pressing concerns about the education portion of the proposal:

- The significant proposed reductions in ECS allocations and special education funding, together with the requirement that municipalities pay a portion of teachers' pension costs, have created enormous uncertainty for towns and cities that are now trying to establish and pass their budgets for the coming fiscal year. Officials in the three towns I represent have all told me that they have little rationale for making any assumptions related to the state budget at this point, and that even educated guesses are difficult to make. Many towns that have seen their education funding dropped to almost zero in this proposal must also cope with the possibility of sending millions of dollars from the property taxes they collect locally to the pension fund, and they are grappling with the impact this may have on their budgets.
- Shifting the responsibility for funding part of teachers' pension costs from the state to municipalities will further strain the same tax base that is now funding the state's entire share. The administrative change in taxing authority will lead to a massive increase in the tax burden of most property owners in Connecticut. This flies in the face of claims that this proposal does not contain significant tax increases. This part of the proposal appears punitive for municipalities that have managed their finances well, and deprives them of the resources necessary for continuing to do so.
- It has always seemed unusual to separate the responsibility for setting teachers' salaries from that of determining their pension contribution rates and arrangements. If local districts are to assume part of the responsibility for contributions to the retirement fund, it would make sense to give them a voice in determining what those contributions are as well.
- Many towns in Connecticut pass their budgets by direct referendum. It is difficult to imagine the residents of those towns voting to send millions of dollars of their own property taxes out of their towns to a fund at the state level. It might be wise to consider the possibility that they will not.
- As part of its component that defines town wealth, the ECS formula still gives a 90% weight to a municipality's net grand list, and 10% to median household income. This weighting has long resulted in an ECS allocation to the cities of Norwalk and Stamford much lower than that of other cities that are comparable in all respects save for their property values. Nevertheless, in this new proposal, Norwalk's ECS annual allocation rises by \$700,000, while Stamford's rises by about \$6 million. This seems inconsistent, and does not address a fundamental inequity that has persisted for years under the current formula. This suggests fundamental inadequacies in the revised formula. One of the stated objectives in this proposal is greater fairness. This persistent inequity regarding Norwalk is not fair.
- More generally, I am not confident that the revised formula adequately takes account of student need. For example, a high proportion of ELL students could mean significant extra costs for a district.

- I am also concerned that ECS funding is still being considered separately from Alliance districts, Priority districts, magnet schools, charter schools, and other educational categories. Different types of schools do not inhabit separate worlds. Often, in fact, they inhabit the same neighborhoods. Funding with different labels, provided based on differing criteria (financial need vs. performance, for example) is not provided to students who inhabit different systems. They are all meant to receive a Connecticut public school education. They are all meant to end up with roughly the same skills and knowledge, although their subject specialties might be different. These funding categories do not exist in a vacuum. I do not believe that we should be considering ECS in isolation from these other categories.
- I find very troubling the testimony we have heard in the last few days, both in this Committee and in the Finance Committee, indicating that new ECS funding – which has been withdrawn from towns across the state to be redistributed elsewhere – may not be used for education purposes.
- The complete separation of ECS and special education funding makes sense. However, I fear that abandoning the excess cost sharing system for the new scheme will leave many towns heavily exposed to unpredictable, high costs. With the current system, towns are meant to be reimbursed when individual per student costs exceed certain thresholds, while under this proposal, reimbursement levels are based on town wealth, as determined by property values. In addition to the financial issues, this might provide a disincentive for districts to propose certain services for students with significant needs.
- On a subject that is different, but still within the education section of the proposal, I am disappointed to see funding for Connecticutcard eliminated. This is a program that makes the resources of excellent libraries easily accessible to residents of any town, whatever their local facilities. I hope that we will find a way to restore it.

These are only a few of the issues I believe are raised by this proposal. Many are questions of policy, and as Ranking Member of the Education Committee, I look forward to discussing them extensively there. Meanwhile, I hope that you will keep them in mind here in Appropriations as you proceed with your work on the budget.